

Assistant City Manager Mark Morgan called the meeting to order at 5:15pm. Councilors Peterson and McCarthy were in attendance, as well as Kevin Miracle, District Manager of Waste Connections dba Sanitary Disposal, and Deputy City Recorder Heather La Beau.

Recycling Update

Mark noted that the Plastic Pollution and Recycling Modernization Act introduced a new funding mechanism for recycling programs. The funding concept essentially has the producers of the items pay for the necessary improvements to help ensure successful recycling in Oregon. Producer Responsibility Organizations (PROS) work with DEQ and the Oregon Recycling System Advisory Council (ORSAC) to further develop and implement the act. Program implementation begins July of 2025, with eligible city's receiving funding.

There was discussion about naming the recycling trucks as a community building activity.

Review Sanitary Disposal Rates

Kevin stated after a thorough review of the financials by their pricing team, a rate adjustment of 37.5% increase is requested by Sanitary Disposal, Inc (attached). Kevin explained due to the different business models of Waste Connections and Sanitary Disposal Inc at the time of acquisition, the current pricing is behind, and the proposed increase will bring Hermiston's rates closer to those of other cities in the area.

The increase is based on daily operations for items such as labor, fuel, and maintenance. Waste Connections increased hourly wages as much as \$7.10/hour for scale house attendants and \$3.56/hour for drivers. The purchase price of a truck has increased \$150,000. Waste Connections maintenance program has different standards than SDI. It has taken time to go through the fleet of vehicles and make sure they comply with DOT standards.

Kevin highlighted the revenue potential of charging for yard debris clippings. Currently, there is not a charge to dispose of yard debris with a permit. The Pendleton facility charges \$32/ton for yard debris, while allowing clean lumber to be dumped for no charge.

Committee Discussion and Recommendation to City Council

Mark M. related that while reviewing the city's historical rate increases, he compared the 1998 rate for a 90-gallon cart (\$13.05/month) and April 1998 minimum wage with the current minimum wage (increased 140%) and the proposed rate for a 90-gallon cart (\$29.05/month). A minimum wage earner would be less impacted by today's rate even after the proposed increase. The 37.5% increase is partially offset by increases in other areas. Inflation hits different components across the market differently. He also mentioned that the trucks are more expensive to maintain partially due to the technical advances of the vehicles.

Kevin stated that they are currently operating in the red and this proposed increase is the last big jump to get them closer to where the company needs to be and going forward, they would like to base increases off the Consumer Price Index. The commercial cardboard pickup rate increase may encourage customers to more efficiently manage their cardboard.

Waste Connections and the team desires to be a good partner in the community and participates in various activities and charitable endeavors. They continue to become more involved in the community.

Councilors Peterson and McCarthy supported the need to present this information with the requested increase to the Council with a recommendation to support an adjustment to become effective April 1st, 2024.

Mark M. stated the proposed increase and effective date will be presented to Council at a March meeting.

Adjourn

There were no other items of discussion, and the meeting was adjourned at 5:52pm.

City of Hermiston

Historical Garbage Rate Analysis

	April '98	Current	Proposed
35 Gal. Cart	\$7.90	\$12.70	\$17.46
90 Gal. Cart	\$13.05	\$21.13	\$29.05

National CPI

From April '98 through Feb. 2024, CPI has gone up 89.8%. If garbage rates had followed CPI perfectly, then current rates would be:

35 Gal. Cart: \$14.99 (18% higher)
90 Gal. Cart: \$24.77 (17% higher)

Minimum Wage

Since April '98, the Minimum Wage in Umatilla County has increased 140%. If garbage rates had gone up similarly, then rates would be:

35 Gal. Cart: \$18.96
90 Gal. Cart: \$31.32

Therefore, these services will still be more affordable than they were in 1998 for customers earning minimum wage.

Social Security

Since April '98, Social Security has provided Cost of Living Adjustments equaling 71%. If garbage rates had gone up similarly, then rates would be:

35 Gal. Cart: \$13.84 (9% higher)
90 Gal. Cart: \$22.86



WASTE CONNECTIONS, INC.
Connect with the Future®

February 5th, 2024

Byron Smith, City Manager
Mark Morgan, Assistant City Manager
180 NE 2nd Street, Suite 220
Hermiston OR, 97838

RE: Rate Adjustment Application for Solid Waste and Recycling Services

Sanitary Disposal is not immune to the cost pressure and supply chain issues that have affected most businesses and consumers over the past few years. We believe that it is appropriate for the City to provide a reasonable increase in rates to allow us to meet and improve upon the service commitments we have made to The City of Hermiston, and to bring rates in line with those charged by other solid waste service providers in surrounding areas.

The City of Hermiston last awarded Sanitary Disposal a blended increase of 12.94% effective April 1st, 2023. With the increase in April, the resulting revenue was intended to cover a small portion of the increase in costs of operations that we have been absorbing for some time. As costs continue to climb, it is time to bring the rates and revenues more in line with the increased cost of service and neighboring service areas. Currently, we are requesting a 37.5% increase. While we acknowledge that this is a large increase, it is the result of discounted rates that have been in place for some time and are simply not sustainable given the continuing increases in the costs of service including capital costs, fuel, labor, and health insurance coverage for our employees.

Waste Connections continues to make substantial capital investments to modernize the fleet and collection methods. We have introduced a new billing system and computer system to provide customers with a more efficient and convenient way to manage their accounts. We have upgraded the safety practices of the company with tools like onboard cameras and sensors that help us to coach drivers and improve safe driving behaviors that protect both the drivers and the customers we serve. In total, we have invested over \$4.3M in new equipment and training in the two years that we have owned the Company. Some of this capital investment allows us to be more efficient, some improve the customer experience, and others simply provide a safer work environment for our employees and the public.

After a thorough review of our financial performance and a comparison to comparable rates in surrounding service areas, the requested price increase will allow us to continue to invest in the future and serve the residents of Hermiston in a safe and responsible manner. In addition, we would propose linking future rate adjustments to changes in the CPI-W index to keep adjustments small and manageable.

In the meantime, Waste Connections looks forward to continuing to be an integral part of the community. We place a high value on employee engagement in the local activities, and we work hard to energize our employees so that they are ambassadors of positivity in the neighborhoods and business district we serve. I am happy to make myself available to you and members of the Council to discuss our approach to our business community.

Regards,
Kevin Miracle
District Manager

Waste Connections of Oregon, Inc.
dba Sanitary Disposal
Proposed City of Hermiston Rates
Effective April 1, 2024

SERVICE	CURRENT RATE	TOTAL INCREASE	NEW RATE
RESIDENTIAL			
ROLLCARTS			
Weekly- 35 Gal Cart			
- (1) cart	\$12.70	\$4.76	\$17.46
- (1) cart Senior Rate	\$10.46	\$3.92	\$14.38
- (2) carts	\$25.41	\$9.53	\$34.94
- (3) carts	\$38.11	\$14.29	\$52.40
- Walk-In Charge	\$6.68	\$2.51	\$9.19
- Extras (Per 35 Gal Equivalent)	\$2.96	\$1.11	\$4.07
Weekly- 90 Gal Cart			
- (1) cart	\$21.13	\$7.92	\$29.05
- (2) carts	\$42.27	\$15.85	\$58.12
- (3) carts	\$63.40	\$23.78	\$87.18
- (4) carts	\$84.53	\$31.70	\$116.23
- Walk-In Charge	\$6.68	\$2.51	\$9.19
COMMERCIAL			
ROLLCARTS			
Weekly- 35 Gal Cart			
- (1) cart	\$12.70	\$4.76	\$17.46
- (2) carts	\$25.41	\$9.53	\$34.94
- (3) carts	\$38.11	\$14.29	\$52.40
- Walk-In Charge	\$6.68	\$2.51	\$9.19
- Extras (Per 35 Gal Equivalent)	\$2.96	\$1.11	\$4.07
Weekly- 90 Gal Cart			
- (1) cart	\$25.97	\$9.74	\$35.71
- (2) carts	\$51.95	\$19.48	\$71.43
- (3) carts	\$77.92	\$29.22	\$107.14
- (4) carts	\$103.89	\$38.96	\$142.85

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Effective April 1, 2024

SERVICE	CURRENT RATE	TOTAL INCREASE	NEW RATE
CONTAINERS			
(1) 1 1/2 Yd Container			
- Once a week	\$87.87	\$32.95	\$120.82
- Twice a week	\$166.35	\$62.38	\$228.73
- Three times a week	\$244.83	\$91.81	\$336.64
- Four times a week	\$323.31	\$121.24	\$444.55
- Six times a week	\$480.27	\$180.10	\$660.37
(2) 1 1/2 Yd Containers			
- Once a week	\$175.74	\$65.90	\$241.64
- Twice a week	\$332.70	\$124.76	\$457.46
- Three times a week	\$489.66	\$183.62	\$673.28
(3) 1 1/2 Yd Containers			
- Once a week	\$263.62	\$98.86	\$362.48
- Twice a week	\$499.05	\$187.14	\$686.19
- Three times a week	\$734.49	\$275.43	\$1,009.92
(1) 2 Yd Container			
- Once a week	\$114.24	\$42.84	\$157.08
- Twice a week	\$217.19	\$81.45	\$298.64
- Three times a week	\$320.14	\$120.05	\$440.19
- Four times a week	\$423.09	\$158.66	\$581.75
- Five times a week	\$526.03	\$197.26	\$723.29
- Six times a week	\$628.98	\$235.87	\$864.85
(2) 2 Yd Containers			
- Once a week	\$228.49	\$85.68	\$314.17
- Twice a week	\$434.38	\$162.89	\$597.27
- Three times a week	\$640.28	\$240.11	\$880.39
(3) 2 Yd Containers			
- Once a week	\$342.73	\$128.52	\$471.25
- Twice a week	\$685.46	\$257.05	\$942.51
- Three times a week	\$960.42	\$360.16	\$1,320.58

**Waste Connections of Oregon, Inc.
dba Sanitary Disposal
Proposed City of Hermiston Rates
Effective April 1, 2024**

SERVICE	CURRENT RATE	TOTAL INCREASE	NEW RATE
RECYCLING CONTAINERS			
- (1) 2 Yd Recycling Container			
- Once a week	\$12.45	\$41.46	\$53.91
- Twice a week	\$12.45	\$95.37	\$107.82
- Three times a week	\$12.45	\$149.28	\$161.73
- Four times a week	\$12.45	\$203.18	\$215.63
- Five times a week	\$12.45	\$257.09	\$269.54
- Recycling Compactor Haul	\$207.86	\$77.95	\$285.81
DROP BOXES			
- Delivery Fee	\$46.10	\$17.29	\$63.39
- Haul Fee (Up to 5 Tons)	\$65.12	\$24.42	\$89.54
- Disposal Fee (Whichever is Greater)			
- Per Cubic Yard	\$6.52	\$2.45	\$8.97
- Per Ton	\$73.34	\$27.50	\$100.84
- Haul Fee (Greater Than 5 Tons)	\$235.11	\$88.17	\$323.28
- Disposal Fee (Per Ton)	\$39.27	\$14.73	\$54.00
- Demurrage per day after 7 days	\$5.01	\$1.88	\$6.89
COMPACTORS			
Compacted dropboxes			
- Haul Fee (Up to 5 Tons, Per Hour)	\$85.57	\$32.09	\$117.66
- Disposal Fee (Whichever is Greater)			
- Per Cubic Yard	\$6.52	\$2.45	\$8.97
- Per Ton	\$73.34	\$27.50	\$100.84
- Haul Fee (Greater Than 5 Tons)	\$255.57	\$95.84	\$351.41
- Disposal Fee (Per Ton)	\$39.27	\$14.73	\$54.00

**Waste Connections of Oregon, Inc.
dba Sanitary Disposal
Proposed City of Hermiston Rates
Effective April 1, 2024**

SERVICE	CURRENT SDI RATE	TOTAL INCREASE	NEW SDI RATE	COMPARABLE AREA RATES		
				Pendleton Sanitary	Pilot Rock	West Richland
RESIDENTIAL						
ROLLCARTS						
Weekly- 35 Gal Cart - (1) cart	\$12.70	\$4.76	\$17.46 \$	16.75 \$	23.25	N/A
Weekly- 90 Gal Cart - (1) cart	\$21.13	\$7.92	\$29.05 \$	33.60 \$	43.25 \$	30.67
COMMERCIAL						
CONTAINERS						
(1) 1 1/2 Yd Container - Once a week	\$87.87	\$32.95	\$120.82 \$	124.92 \$	127.75 \$	136.52
(1) 2 Yd Container - Once a week	\$114.24	\$42.84	\$157.08 \$	141.40 \$	186.25 \$	165.16